NEWS RELEASE
BUREAU OF LABOR STATISTICS
U. S. DEPARTMENT OF LABOR

For Release: Thursday, April 03, 2014 **14-385-ATL**

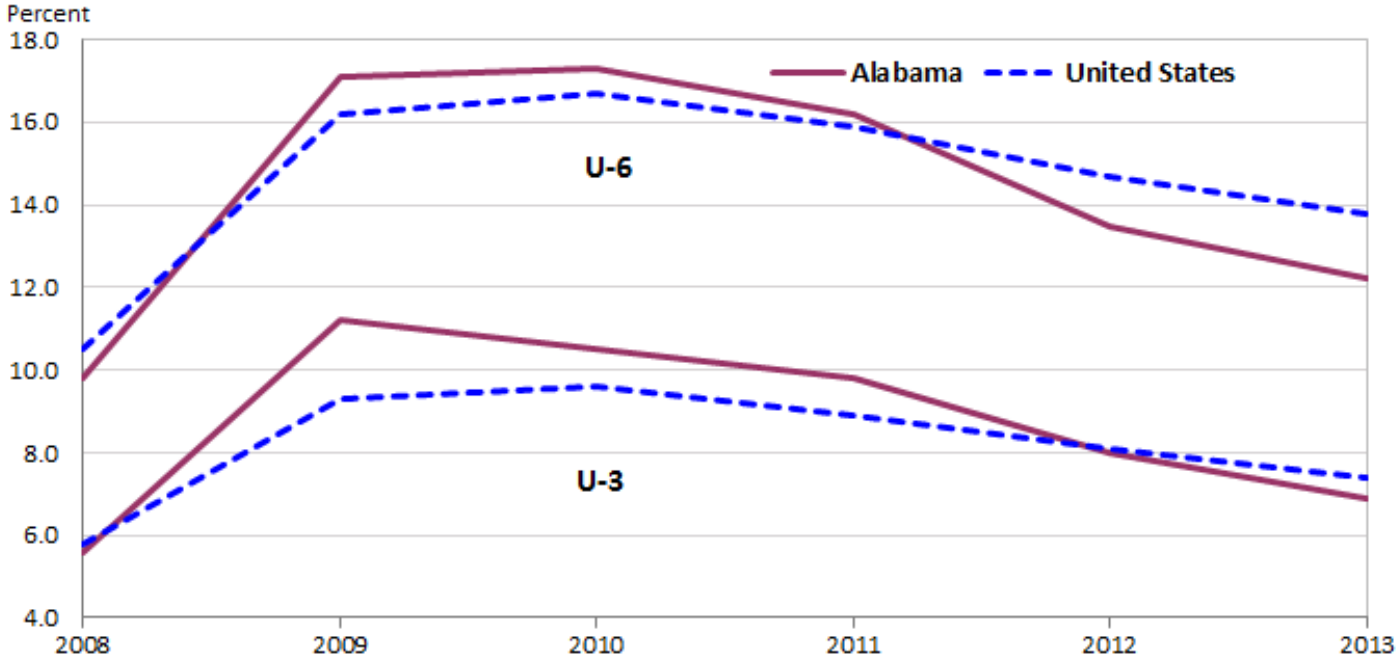
SOUTHEAST INFORMATION OFFICE: Atlanta, Ga.
Technical information: (404) 893-4222 BLSInfoAtlanta@bls.gov www.bls.gov/regions/southeast
Media contact: (404) 893-4220

Measures of Labor Underutilization in Alabama-2013

In 2013, the broadest measure of labor underutilization, designated U-6 (which includes the unemployed, workers employed part time for economic reasons, and those marginally attached to the labor force), was 12.2 percent in Alabama, down from 13.5 percent in 2012, the U.S. Bureau of Labor Statistics reported today. (See table 1.) Regional Commissioner Janet S. Rankin noted that the U-6 rate in Alabama peaked at 17.3 percent in 2010, one year after the national recession officially ended. (See chart 1.) Nationally, the U-6 rate averaged 13.8 percent in 2013.

The official concept of unemployment, U-3 in the U-1 to U-6 range of measures, includes all jobless persons who are available to take a job and have actively sought work in the past four weeks. In Alabama, 6.9 percent of the labor force was unemployed as measured by U-3 in 2013. By comparison, 7.4 percent were jobless nationwide. (The official measure of unemployment in states is derived using a statistical model that incorporates data from the Current Population Survey [CPS] and other sources, and this model-based estimate can differ from the direct CPS estimate discussed here.)

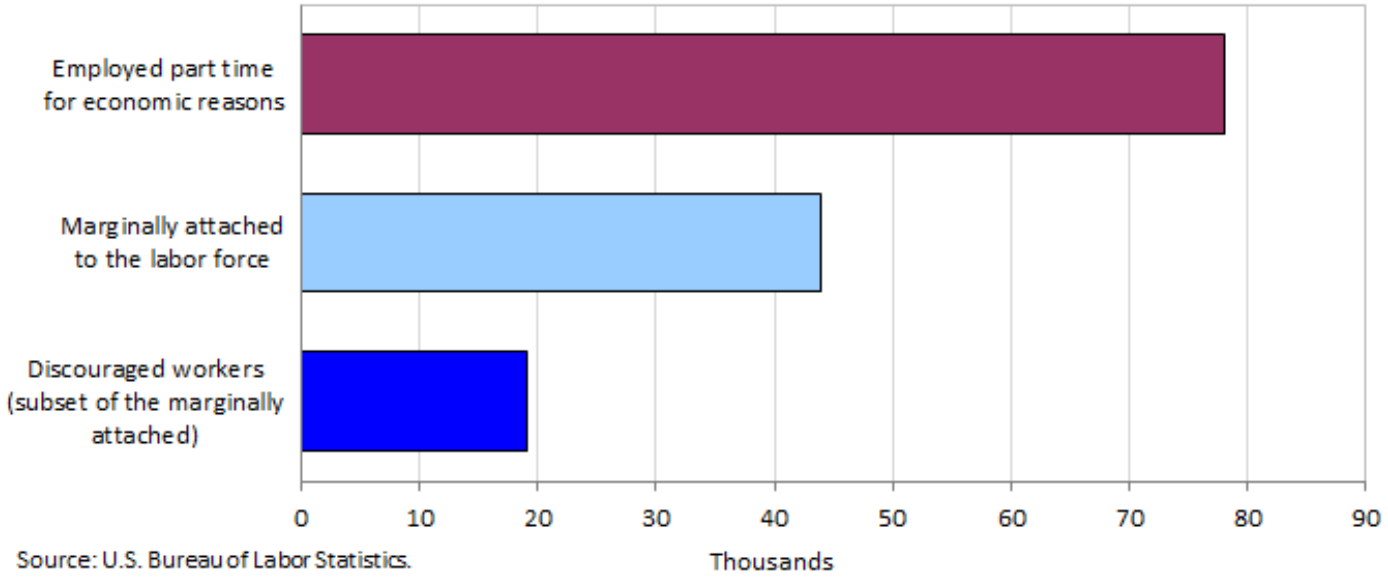
Chart 1. Two measures of labor underutilization, Alabama and the United States, 2008–2013 annual averages



Source: U.S. Bureau of Labor Statistics.

Alabama had 150,600 unemployed residents in 2013 according to the Current Population Survey. In addition, there were 77,700 workers who were employed part time for economic reasons (also known as involuntary part time). These individuals were working part time because of slack work or business conditions, or because they were unable to find a full-time job. (See chart 2.) Nationwide, there were 7.9 million individuals working part time for economic reasons in 2013.

Chart 2. Numbers of selected underutilized workers, Alabama, 2013 annual averages



Source: U.S. Bureau of Labor Statistics.

In 2013, the number of individuals considered to be marginally attached to the labor force in Alabama was 43,900. People marginally attached to the labor force are not working but indicate that they would like to work, are available to work, and have looked for work at some time during the past 12 months even though they had not searched for work in the 4 weeks preceding the survey. In the United States, the number marginally attached totaled 2.4 million in 2013.

Discouraged workers, a subset of the marginally attached, are persons who are not currently looking for work because they believe no jobs are available for them. In 2013, there were 19,200 discouraged workers in Alabama, accounting for less than half of all marginally attached workers in the state. The U-4 measure, which adds discouraged workers to the number of the unemployed (expressed as percentage of the labor force plus the number of discouraged workers), was 7.7 percent in Alabama in 2013 compared with 7.9 percent nationwide.

From 2012 to 2013, all six measures of labor underutilization trended down in Alabama and the nation, with the Alabama percentage declines larger than those nationally. For example, the U-6 decreased 1.3 points in Alabama and 0.9 points nationwide.

State comparisons

Nevada registered the highest rates for all six alternative measures of labor underutilization among the 50 states and the District of Columbia in 2013. Nevada's rates ranged from a U-1 of 5.5 percent, tying with the District of Columbia, to a U-6 of 18.1 percent. (See table 2.) Other states with high U-6 rates included California (17.3 percent) and Oregon (16.5 percent). Nevada, Rhode Island, and Illinois had the highest U-3 unemployment rates, averaging 9.8, 9.2, and 9.1 percent, respectively. States with high U-3 unemployment rates tended to have high values for the other five measures.

Similarly, states with low U-3 rates usually recorded low values for the other measures. North Dakota had the lowest rates for all six measures, including a U-1 of 0.9 percent, a U-3 of 2.9 percent, and a U-6 of 5.6 percent. South Dakota and Nebraska registered the second and third lowest rates in all six measures, with U-6 rates of 7.1 and 8.0 percent, respectively.

In 2013, Alabama was among the 33 states where all six measures of underutilization decreased over the year. Five states had U-6 rates that decreased by more than 2.0 percentage points, led by Washington (-2.9 points). Among these five states, four were in the West and one was in the Northeast.

Arkansas was the only state that had increases in all six alternative measures of labor underutilization over the year. Eight other states recorded increases in their U-6 rates from 2012 to 2013. Tennessee experienced the largest increase, up 1.4 percentage points to 14.7 percent, followed by Kentucky, up 1.2 points to 15.0 percent. The U-6 rate was unchanged in Illinois (16.0 percent), Ohio (13.6 percent), and the District of Columbia (14.1 percent).

Technical Note

The U.S. Bureau of Labor Statistics (BLS) produces six measures of labor underutilization based on Current Population Survey (CPS) data. Monthly, the BLS publishes these six measures for the United States in the Employment Situation news release. (See www.bls.gov/news.release/empsit.t15.htm.) State estimates, presented as 4-quarter averages, are provided each quarter on the BLS website. (For the most recent data see www.bls.gov/lau/stalt.htm.)

The civilian labor force is the sum of employed and unemployed persons. Those not classified as employed or unemployed are not in the labor force. The unemployment rate is the number unemployed as a percent of the labor force.

People are classified as employed if they did any work at all as paid employees during the reference week; worked in their own business, profession, or on their own farm; or worked without pay at least 15 hours in a family business or farm. People are also counted as employed if they were temporarily absent from their jobs because of illness, bad weather, vacation, labor-management disputes, or personal reasons.

People are classified as unemployed if they meet all of the following criteria: they had no employment during the reference week; they were available for work at that time; and they made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons laid off from a job and expecting recall need not be looking for work to be counted as unemployed. The unemployment data derived from the household survey in no way depend upon the eligibility for or receipt of unemployment insurance benefits. The official concept of unemployment (as measured in the CPS) is equivalent to the U-3 in the U-1 to U-6 range of measures. The other measures are provided to data users and analysts who want more narrowly (U-1 and U-2) or broadly (U-4 through U-6) defined measures. BLS updates these measures for each state on a 4-quarter moving-average basis.

The measures for states are analyzed on a 4-quarter average basis in order to increase the reliability of the CPS estimates, which are based on relatively small sample sizes at the state level, and to eliminate seasonality. Due to the inclusion of lagged quarters, the state measures may not fully reflect the current status of the labor market. For additional information on state estimates derived directly from the CPS, see www.bls.gov/gps/notescps.htm.

Data are calculated from quarterly tables in which the components of each measure are rounded to the nearest hundred. As a result, these measures contain slightly more rounding error than that found in typical CPS annual average tabulations (in which rates are calculated based on unrounded data). Due to small state sample sizes, neither monthly nor quarterly state data from the CPS satisfy BLS publication standards.

Note that the unemployment rates (U-3) in this release are derived directly from the CPS, because this is the only source of data for the various components of the alternative measures. As a result, these U-3 measures may differ from the official state unemployment rates for the same period. The latter are estimates developed from statistical models that greatly improve the reliability of the top-side labor force and unemployment estimates. Those models, developed by the Local Area Unemployment Statistics (LAUS) program, incorporate CPS estimates, as well as input data from other sources. The model-based estimates are accessible through the LAUS home page at www.bls.gov/lau/home.htm.

The level (that is, number of persons) estimates reflect independent population estimates for each year. Because these population controls are not revised, level estimates between years are not fully comparable. However, the application of new population controls generally does not affect ratios or proportions, such as U-1 through U-6.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; Federal Relay Service: 800-877-8339.

Table 1. Measures of labor underutilization for Alabama and the United States, annual averages (percent), 2011-2013

Measure	Alabama			United States		
	2011	2012	2013	2011	2012	2013
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	6.1	4.6	3.6	5.3	4.5	3.9
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	5.4	4.5	3.7	5.3	4.4	3.9
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment [1])	9.8	8.0	6.9	8.9	8.1	7.4
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers[2]	10.6	8.6	7.7	9.5	8.6	7.9
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force[2]	11.6	9.6	8.7	10.4	9.5	8.8
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part-time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force[2]	16.2	13.5	12.2	15.9	14.7	13.8

Footnotes:

1 The U-3 rates presented are unofficial state estimates derived from the Current Population Survey (CPS). The official measure is a model-based estimate available through the Local Area Unemployment Statistics (LAUS) program at www.bls.gov/lau/data.htm

2 Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part-time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule.

Table 2. Measures of labor underutilization by state, 2013 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	3.9	3.9	7.4	7.9	8.8	13.8
Alabama	3.6	3.7	6.9	7.7	8.7	12.2
Alaska	2.7	3.3	6.6	7.0	8.0	12.1
Arizona	3.9	3.7	8.0	8.7	10.0	16.0
Arkansas	3.7	3.8	7.8	8.4	9.6	13.7
California	5.0	4.8	8.9	9.4	10.4	17.3
Colorado	3.4	3.3	6.6	6.9	7.6	12.5
Connecticut	4.4	4.4	7.7	8.2	9.1	13.9
Delaware	3.8	4.0	7.0	7.6	8.4	13.5
District of Columbia	5.5	4.3	8.6	9.2	10.4	14.1
Florida	4.3	4.1	7.1	7.9	8.6	14.3
Georgia	4.8	4.0	8.2	9.0	9.9	14.8
Hawaii	2.4	2.1	4.8	5.5	6.6	11.5
Idaho	2.3	2.9	6.5	6.9	7.7	12.7
Illinois	5.2	5.0	9.1	9.6	10.4	16.0
Indiana	3.9	4.2	7.7	7.9	8.7	13.2
Iowa	1.7	2.3	4.7	4.9	5.5	9.2
Kansas	2.3	2.7	5.6	5.9	6.8	11.0
Kentucky	4.0	4.1	8.1	8.7	9.7	15.0
Louisiana	3.4	3.3	7.0	7.5	8.6	12.7
Maine	3.0	3.7	6.8	7.0	7.9	13.7
Maryland	3.5	3.7	6.7	7.3	8.4	12.5
Massachusetts	3.7	4.1	7.0	7.4	8.4	13.2
Michigan	4.7	4.2	8.6	9.2	10.1	15.3
Minnesota	2.1	2.7	4.9	5.2	5.9	10.6
Mississippi	4.9	4.4	8.8	9.3	10.1	14.6
Missouri	3.6	3.9	6.6	6.8	7.6	11.6
Montana	1.9	2.9	5.5	5.9	6.6	11.6
Nebraska	1.5	1.8	4.1	4.3	4.7	8.0
Nevada	5.5	5.6	9.8	10.8	11.7	18.1
New Hampshire	2.5	3.0	5.2	5.4	6.2	10.9
New Jersey	5.1	4.7	8.2	8.8	9.8	14.7
New Mexico	4.1	3.3	7.2	7.7	9.2	13.7
New York	4.6	4.5	7.6	8.3	9.2	13.8
North Carolina	4.6	4.3	7.9	8.6	9.3	14.7
North Dakota	0.9	1.5	2.9	3.0	3.5	5.6
Ohio	3.9	3.9	7.6	8.0	8.9	13.6
Oklahoma	2.2	2.7	5.6	5.9	6.8	10.2
Oregon	3.9	4.2	7.9	8.2	9.1	16.5
Pennsylvania	4.2	4.2	7.5	8.0	9.0	13.4
Rhode Island	5.2	5.3	9.2	9.6	10.5	15.5
South Carolina	3.8	3.7	7.6	8.5	9.6	14.0
South Dakota	1.2	1.7	3.6	3.9	4.3	7.1
Tennessee	3.9	3.8	8.0	8.6	9.3	14.7
Texas	2.9	2.9	6.3	6.6	7.3	11.3
Utah	1.6	2.0	4.4	4.7	5.3	9.7
Vermont	1.7	2.2	4.3	4.6	5.3	9.3
Virginia	2.9	2.6	5.6	6.0	6.9	11.5
Washington	3.1	3.5	7.0	7.3	8.3	14.0
West Virginia	3.6	3.7	6.6	7.1	7.9	12.0
Wisconsin	3.4	3.7	6.7	7.0	7.7	12.1
Wyoming	1.6	2.2	4.6	4.9	5.5	8.4

NOTE: See table 1 for definitions of measures and related footnote information.